

# NHID E-NEWS

Issue 8  
February 2006

## COMMENTS FROM THE COMMISSIONER'S OFFICE

### INSURANCE DEPARTMENT STAFF ASSIST KATRINA VICTIMS

NH Insurance Department employees Lisa Campbell, Consumer Division, Cheryl Moses, Business Office, and Andy Gagne, Market Conduct Division, each spent a week in Metairie, Louisiana volunteering to help the Louisiana Insurance Department assist Louisiana residents with insurance claims resulting from Hurricane Katrina.

Department staff flew to Louisiana on Sunday, received a brief orientation on Monday morning and were meeting with consumers by Monday afternoon at one of several Disaster Recovery Centers in Metairie. The Disaster Recovery Centers had been set up and staffed in conjunction with the Federal Emergency Management Agency (FEMA), the Louisiana Insurance Department and other government agencies assisting hurricane victims.

While there, NH Insurance Department employees provided assistance to as many as 18 claimants a day. Lisa Campbell said "It was very gratifying. Everyone we talked to was so grateful for the assistance. It was very touching – many people lost everything, yet they were thankful to us for even the smallest things we could do. I'd volunteer again without hesitation."

Cheryl Moses of the Department's Business Office likewise said she was glad she had the opportunity to help. "In New Orleans it looked like the flood happened last week. There were still no streetlights in many sections. Wires were still down and signs were down – it looked like a ghost town in many areas. In Metairie there was both wind and flood damage."

(For photos of what they saw, go to our web site at [www.nh.gov/insurance](http://www.nh.gov/insurance), and click on "Louisiana Volunteers")

### ***INSIDE THIS ISSUE:***

Recovery efforts pay off	2
Information for Seniors	3
IT Initiatives	4
HO Premium compare	5
SB 125	6
Speaking of Insurance	7
Enforcement	8
Company Changes	9

## COMMISSIONER'S COMMENTS CONT.

Market Conduct Examiner Andy Gagne, in commenting about the experience, said "We should all count our collective blessings. Five months after Katrina (8/29/05), tens of thousands of Louisiana citizens continue to try to pick up the pieces of their shattered lives. Aside from the expanse of the devastation, what struck me most about what I witnessed is the indefatigable spirit and the unflagging patience of the people in the New Orleans area. "Listening" is what I did the most of. Occasionally, I was able to help someone recoup his/her due. Theirs is a struggle that will last years, and I too would return in a heartbeat. It was a very worthwhile and rewarding experience."

"Theirs is a struggle that will last years, and I too would return in a heartbeat. It was a very worthwhile and rewarding experience." Andy Gagne

We are very proud of our staff for taking time out of their busy lives to help those in need. We also thank their families and colleagues for their support in making their volunteer efforts possible.

## SEVIGNY APPEARS IN PUBLIC SERVICE ANNOUNCEMENT

New Hampshire Insurance Commissioner Roger Sevigny joins other Insurance Commissioners nationwide to warn consumers about "fake" health insurance. The Commissioner will be appearing in a Public Service Announcement to be televised in New Hampshire in the near future. The Public Service Announcement will emphasize how fake insurance folds like a house of cards when a person attempts to get a claim paid, and urges consumers to contact the Insurance Department to confirm a company is licensed and regulated by the Insurance Department before buying.

In 2002 the New Hampshire Insurance Department warned the public to be cautious of health insurance offers that tout "premiums" that seem too good to be true. Since that time the Department has issued press releases and consumer alerts on this subject, and has posted information and links on the Department's web site ([www.nh.gov/insurance](http://www.nh.gov/insurance)) to warn the public about these fraudulent health insurance scams. The Department has also partnered with the Consumer Protection Bureau of the Attorney General's office by sharing information it has gathered on possible fake insurance schemes.

## CONSUMER DIVISION ASSISTS IN \$74K FLOOD INSURANCE CLAIM PAYMENT

A couple of well placed calls by Department P&C Consumer Services Specialist Claire LaPointe got a Marlow family the \$74,000 flood insurance claim payment they had been waiting for since October. Claire received a call on Thursday January 5<sup>th</sup> from a Marlow family that suffered severe losses to their home as a result of the October 2005 floods. The family had been attempting to get the claim paid for over 2 months without success. Within 2 business days Claire was able to get the \$74,000 claim paid.

Overall the Consumer Division assisted consumers in receiving \$130,000 in November 2005, \$77,800 in December 2005 and \$223,700 in January 2006.

## DEPARTMENT LAUNCHES NATIONAL FLOOD INSURANCE PRODUCER EDUCATION PROGRAM

The Department will be instituting a flood insurance training program for insurance producers. The training program will be designed to ensure that NH producers are aware of the features and requirements of the National Flood Insurance Program ("NFIP") administered by FEMA (Federal Emergency Management Agency). Input for the FEMA program was provided by the National Conference of Insurance Legislators ("NCOIL"). In conjunction with this training initiative FEMA will be offering various incentives to encourage insurance producers to get flood insurance training. These incentives include advertising tools, possible reimbursement for a portion of an agency's advertising budget and an agent lead referral program. More details on these incentives can be found at <http://www.FloodSmart.gov>.

The training program will cover basic flood insurance topics, including understanding flood maps and zone determinations, policies and products available, general coverage rules and claims handling processes. There was no required producer flood training program prior to this in New Hampshire.

## DEPARTMENT FORMS PARTNERSHIP TO PROVIDE CUSTOMIZED MED SUPP INFORMATION TO SENIORS

The NH Insurance Department's Consumer Services Division has entered into a partnership with UNH Cooperative Extension Service to customize information disseminated on Medicare Supplement insurance available in New Hampshire. LAH Consumer Services Division staff will be working with UNH Cooperative Extension Service to provide this customized information to Medicare recipients. Currently, the Department provides generic information to the public on the companies offering Medicare Supplement policies in New Hampshire, and the rates for those policies that have been approved by the Department. With the new partnership the Department can offer to have this information individualized for the consumer, based on the consumer's age and birth date. Under the partnership the Department will daily forward the name, address, age and birth date of those consumers who wish to participate to UNH Cooperative Extension Service. UNH Cooperative Extension Service has developed a database program based on the company and premium information supplied by the Insurance Department that will customize information on the rates for the Medicare supplement plans for each NH carrier for that person's age. UNH Cooperative Extension will then mail the consumer a report that shows the rates for each of the Medicare supplement plans available for a person their age. This will reduce the volume of information the consumer needs to wade through to compare costs. This service is provided to consumers free of charge.

Consumers wishing to take advantage of this service can contact the Insurance Department toll free at 1-800-852-3416. Department Consumer Services staff will be offering this option to anyone who calls the Department concerning Medicare Supplement insurance. Consumers wishing to take advantage of this service will need to be willing to provide their age, birth date and mailing address to our consumer service staff.

The Department also encourages anyone with Medicare or Medicare Supplement insurance questions to contact HICEAS, the Health Insurance Counseling and Education Assistance Service, for free individualized counseling for Medicare and Medicare Supplement issues at 1-800-852-3388.

## INFORMATION TECHNOLOGY INITIATIVES

Just over a year ago the State recreated a statewide informational technology division. Gathering together all the information technology employees from each of the separate state agencies, they began making changes to gain the efficiencies that can be realized from centralized services. The Insurance Department supported this effort and we have seen a great deal of benefits. Two of the major benefits have been reductions in costs due to volume discounts and an increase in efficient assistance due to centralized help desk services.

While the Insurance Department has increased our state dependence for technology infrastruc-

ture, we have retained independence for development. This new structure has allowed us to direct our resources and skills to further modernize our internal system applications over the past year. We have modernized the capture of surplus lines data and tax reporting capabilities. Our Premium tax collection division has begun processing payments via Electronic Funds Transfer (EFT). Our Company Licensing system is set to go into production in the very near future. This will allow for the application and tracking of all company license requests on-line.

The modernization of our producer licensing application process is ongoing. We began using

the National Insurance Producer Registry ("NIPR") system for processing non-resident licenses and will be moving on to using State Based System (SBS) for resident license processing in the very near future. The producer-licensing unit is currently in the testing phase of this technology. In the process of moving to the new technology we will be eliminating out-dated business processes. We ask that the producer community bear with us during the transition. It is our goal to streamline the system for both the applicants and the Department, while meeting the national goal of uniformity, and insuring the Department's ultimate goal of consumer protection is maintained.

## LEGISLATIVE UPDATE 2006

The Department requested the introduction of HB 1192 Property & Casualty Technical Changes, HB 1592 Life, Accident & Health Technical Changes, SB 283 Stop Loss Insurance and SB 391 Third Party Administrators. The current status of those bills is as follows:

**HB 1192 Property & Casualty Technical Changes:** The House Commerce Committee held a public hearing on HB 1192 on January 26th. No testimony was offered in opposition to the bill. HB 1192 will be scheduled for subcommittee action.

**HB 1592 Life, Accident & Health Technical Changes:** The House Commerce Committee held a public hearing on HB 1592 on February 7th. HB 1591 will be scheduled for subcommittee action.

**SB 283 Stop Loss Insurance:** The Senate Banks & Insurance Committee held a public hearing on SB 283 on January 17, 2006. The bill was voted out of the Committee with NHID amendments as ought to pass with amendment and is scheduled for floor action by the Senate on February 2, 2006.

**SB 391 Third Party Administrators:** SB 391 is scheduled for a public hearing in the Senate Banks & Insurance Committee on February 9th.

## HOMEOWNERS PREMIUMS PAID BY NEW HAMPSHIRE CONSUMERS COMPARE FAVORABLY TO OTHER STATES

Based on a report recently published by the National Association of Insurance Commissioners (NAIC), premiums paid by New Hampshire consumers for homeowners insurance compare favorably to what is charged in other states. The following table demonstrates typical premium relationships between New Hampshire, Maine and Vermont, as well as an average Country-wide value. The comparison reflects the purchase of an HO-3 Homeowners policy and is based on information from 2003, the latest data available to the NAIC.

Amount of Insurance	NH	ME	VT	CW
\$100,000 - \$124,999	\$ 416	\$ 380	\$ 423	\$ 539
\$150,000 - \$174,999	\$ 544	\$ 499	\$ 539	\$ 630
\$200,000 - \$299,999	\$ 705	\$ 656	\$ 737	\$ 794
\$300,000 - \$399,999	\$ 891	\$ 858	\$1,000	\$1,091

Some care should be exercised when using the above to draw absolute conclusions due to the fact that wide variations in economic conditions and real estate values exist from state to state. The cost of a homeowners policy is determined by the amount of insurance purchased (closely aligned to the value of insured property), the type of property covered, the specific limits and deductibles a policyholder chooses, construction costs of the area, level of exposure to catastrophic events (hurricanes, earthquakes, tornadoes, etc.) and population demographics.

“ Premiums paid by New Hampshire consumers for homeowners insurance compare favorably to what is charged in other states. “

The insurance department tracks the amounts of change, on average, insurers hope to achieve when they submit filings to revise their homeowners' rating structures. The good news for New Hampshire consumers is the fact that in 2005 the average amount considering all filed rate changes was a **decrease** of 1.7% (19 insurers filed changes) versus an average **increase** of 6.9% in 2004 (20 insurers filed changes). This activity should help to maintain our favorable position among all the states in average premium paid for homeowners' coverage when future comparisons are published.

## SB 125 AND THE REINSURANCE MECHANISM

The changes to the rating laws for the small group health insurance market became effective on January 1, 2006. The new rating laws do not allow carriers to consider either geographic location or the health status of the group in setting the premium rate. They also reduce the variation in the amount of premium that can be charged to different groups from approximately 11 to 1 to 3.5 to 1. The change in rating laws will generally increase premiums for younger healthier groups and decrease premiums for older, unhealthier groups.

To transition to the new rating system, the Commissioner convened an advisory group composed primarily of producers and representatives of the carriers writing in the small group market. The advisory group assisted the Commissioner in preparing a transition plan that included extensive informational materials, recommendations relative to a standard underwriting form for use by the reinsurance mechanism, a standard rate disclosure form, and a flow chart displaying the process of obtaining small group insurance during the transition period.

“The new rating laws do not allow carriers to consider either geographic location or the health status of the group in setting the premium rate.”

In addition, the department participated in forming the reinsurance mechanism. The reinsurance mechanism allows carriers to cede the claims of certain groups or individuals, with expected high cost claims, to a pool that is funded by an assessment on all health carriers in the market. The reinsurance mechanism provides coverage for claims under a standard plan and sets the premiums for that plan. The reinsurance mechanism became available on January 1, 2006. At this time, it is difficult to predict the actual number of risks that carriers will cede to the mechanism.

The informational and transitional materials developed by the department and advisory group are available on the department’s website. Similarly, the materials and other documents developed by the reinsurance mechanism are also on the department’s web site. The department has requested information from the carriers to allow it to assess the impact of the transition to the new rating laws and expects that it will receive this information by the end of February.



## SPEAKING OF INSURANCE

### Engagements you may have missed .....

January 11<sup>th</sup>, Commissioner Sevigny spoke at the Hudson Chamber of Commerce regarding rising health care costs, the Department's web site, small employer purchasing alliances and other related issues.

January 24<sup>th</sup>, Kathleen Belanger, Director of Consumer Services and Enforcement was a panel member for Lymphoma-Leukemia Society of NH at the Elliot Hospital, Manchester NH, speaking to oncology social workers about health insurance issues for cancer patients.

February 1<sup>st</sup>, John Talley, Enforcement Examiner spoke at Bow Memorial School's Career Days Presentation.

February 1<sup>st</sup>, Commissioner Sevigny spoke about health insurance rates at the Small Business Day, State House, Concord NH

February 2<sup>nd</sup>, Franklin Pierce Law School, Deborah O'Loughlin, Legal Coordinator, spoke to an insurance law class about legislation, rulemaking and the NH Guaranty Association, while John Talley, Enforcement Examiner talked about enforcement and the External Review process.

February 2-5<sup>th</sup>, Commissioner Sevigny attended the National Association of Insurance Commissioner's Conference, Naples FL.

February 9<sup>th</sup>, Commissioner Sevigny, was in Washington, D.C. representing U.S. Insurance Commissioners. He met with Charlie McCreevy, Director General of Internal Markets and Services, Brussels, Belgium.

February 21<sup>st</sup>, Kathleen Belanger, Director of Consumer Services and Enforcement, and Debra A. Boothby, CLU, ChFC, FLMI, CIE, Senior Life and Annuities Examiner/Analyst, will be speaking to seniors about Annuities at the Centennial Senior Center, Concord NH.

### Engagements to catch .....

March 29<sup>th</sup>, Commissioner Sevigny will be attending the Independent Insurance Agents and Brokers of NH, Management and Education Convention at the Grappone Convention Center in Concord, NH. He will be participating in a panel addressing regulatory and legislative issues affecting agencies.

May 24<sup>th</sup>, Commissioner Sevigny will attend the Professional Insurance Agents of NH Annual Meeting at the Grappone Center, Concord NH. He will be speaking on current issues affecting the insurance industry.

## ENFORCEMENT— PRODUCER AND COMPANY ACTIONS

### **Re: Cigna Healthcare of NH, Inc.**

Consent Order and Agreement  
Docket No. INS NO. 05-032MC  
Failed Market Conduct Re-Exam  
Re: timely claim handling.

Order and Agreement:  
July 13, 2005  
Penalty: \$25,000.00

### **Re: Segal Co Eastern States Inc.**

Consent Order and Agreement  
Docket No. INS NO. 05-023-EP  
Unauthorized insurance business  
and employed unlicensed individuals.

Order and Agreement:  
June 9, 2005  
Penalty: \$5,000.00

### **Re: Casamento, Stephen J.**

Consent Order and Agreement  
Docket No. INS NO. 05-015-EP  
Failure to report an administrative  
action taken by another jurisdiction  
within 15 days of the final deposition.

Order and Agreement:  
July 15, 2005  
Penalty: \$500.00

### **Re: Demers, Anthony M.**

Consent Order and Agreement  
Docket No. INS NO. 05-034-EP  
Failure to make required disclosure  
of criminal record/history  
on license application.

Order and Agreement:  
September 15, 2005  
Action: License denied.

### **Re: Hill, Tonya L.**

Consent Order and Agreement  
Docket No. INS NO. 05-042-EP  
Failure to report an administrative  
action taken by another jurisdiction  
within 15 days of the final deposition.

Order and Agreement:  
November 23, 2005  
License issued on a probationary  
status for a period of 365  
days and a \$600.00 penalty.

### **Re: Ionescu, Gabriel**

Consent Order and Agreement  
Docket No. INS NO. 05-014-EP  
Failure to make required disclosure  
of criminal record/history  
on license application.

Order and Agreement:  
November 1, 2005  
Penalty: \$1,000.00

### **Re: Monahan, Cheryl**

Consent Order and Agreement  
Docket No. INS NO. 05-031-EP  
Failure to make required disclosure  
of criminal record/history on license  
application.

Order and Agreement:  
August 31, 2005  
Action: License revoked.

### **Re: Roane, Margaret**

Consent Order and Agreement  
Docket No. INS NO. 05-046-EP  
Failure to make required disclosure  
of criminal record/history on license  
application.

Order and Agreement:  
Dec. 22, 2005  
Action: License Revoked.



## 2006 COMPANY CHANGES

### COMPANY NAME CHANGES:

OLD NAME	NEW NAME	EFFECTIVE DATE
GE Life & Annuity Assurance Co	Genworth Life & Annuity	1/01/06
General Electric Capital Assur Co	Genworth Life Ins Co	1/01/06
General Electric Mortgage Ins Corp	Genworth Mortgage Ins Co	11/01/05
GE Residential Mortgage Ins	Genworth Residential Mort	11/01/05
Corporation of N.C.	Insurance Corp of N.C.	11/01/05
Omaha Property & Casualty Ins Co	Beazley Insurance Co	3/24/05

### NEWLY LICENSED COMPANIES:

COMPANY NAME	TYPE OF LICENSE	EFFECTIVE DATE
American Commerce Ins Co	Property & Casualty	12/22/05
Madison National Life Ins Co	Life & Health	12/22/05
TravCo Insurance Company	Property & Casualty	12/06/05
Travelers Home & Marine Ins Co	Property & Casualty	12/06/05
United General Title Ins Co	Title	12/27/05
XL Specialty Insurance Co	Property & Casualty	1/06/06

### AMENDED LICENSES:

COMPANY NAME	LINE OF BUSINESS ADDED OR REMOVED	EFFECTIVE DATE
Greater N.Y. Mutual Ins Co	Removed the restriction of servicing existing bus. only	10/28/05
Hudson Insurance Co	Removed the restriction of servicing existing bus. only, limited to reinsurance.	12/02/05
Patriot Health Ins Co Insurance Company	Removed the restriction of Limited to Beta Groups	11/03/05
Centurion Life Ins Co	Removed the restriction of servicing existing bus. only	1/12/06
Union Central Life Insurance Co	Reorganization	1/01/06

### COMPANY CANCELLATIONS:

COMPANY NAME	EFFECTIVE DATE
Champlain Casualty Co of Vermont	12/31/05
Gulf Insurance Co (merged with and into Travelers Indemnity Co)	7/01/05

## NHID STAFF NEWS

### Introducing new hires:

The following individuals joined the Department over the last few months. We welcome them to their new "home".

Chiara Dolcino, Legal Counsel.

Cheryl Gagnon, Account Clerk, Business Operations Division.

### Position changes:

The following individuals employed by the Department have changed titles:

Clinton Lane, Fraud Investigator to Producer Licensing Division Director.

### Over the last few months the following individuals have moved on to greener pastures:

We thank them for the pleasure of their company, their hard work and dedication over the years and wish them the very best in their new endeavors.

Nina Otterson, Administrative Supervisor, Producer Licensing

Colin Mitchell, Market Conduct Analyst

## LICENSING SERVICES SHUTDOWN

Please be advised that the New Hampshire Insurance Department will be converting to a web-based licensing system the week of March 6, 2006. This conversion process will commence Tuesday, March 7, 2006 and be in process through the close of business, March 13, 2006.

NO LICENSING SERVICES WILL BE AVAILABLE THROUGH THE DEPARTMENT BETWEEN MARCH 7, 2006 AND MARCH 13, 2006.

WE WILL CONTINUE TO OFFER LICENSING SERVICES THROUGH NIPR, BUT TRANSACTIONS WILL BE KEPT IN 'AWAITING VALIDATION' STATUS AND NOT PROCESSED UNTIL MARCH 20, 2006. The last transaction file will be accepted March 6, 2006 for processing.

The new licensing system is scheduled to go live on March 13, 2006. Gateway transaction files (appointments, terminations, license applications) will not be accepted again until the conversion is completed.

The department will honor effective dates submitted on appointments and terminations during this time period. The last data file will be sent to NIPR on March 3, 2006.



**STATE OF NEW HAMPSHIRE  
INSURANCE DEPARTMENT  
21 SOUTH FRUIT STREET, SUITE 14  
CONCORD NH 03301  
[www.nh.gov/insurance](http://www.nh.gov/insurance)**